SEA 327 makes various changes in taxation policy across the state and almost all of the changes deal with property taxes. The most important aspects of the act are that the act delays the next general reassessment of real property by two years and requires general reassessments every five years thereafter, and delays until 2006 implementation of annual adjustments or "trending" of real property tax assessments. The act also amends the factors to be included in the annual adjustment rule of the Department of Local Government Finance (DLGF).

Furthermore, important changes to the property tax system include the establishment of an agricultural land base rate of $880 per acre for property tax assessments in 2005 and 2006. This will likely cause a shift in property taxes to all other taxpayers in a county, with the shift being more pronounced in more rural counties. DLGF is directed to adjust its guidelines used to determine the annual adjustment for agricultural land. In other property tax matters, the act also states that the special integrated steel mill equipment property tax valuation method applies only if the mill produces steel in a blast furnace in Indiana.

DLGF is given many new responsibilities and duties such as reviewing and certifying annual adjustments, establishing local deadlines in the determination of annual adjustments, providing training to assessors and county auditors in the verification of sales, approving a determination by assessors to not employ a professional appraiser for a general reassessment and adopting rules for the establishment of a statewide uniform and common property tax management system. The act also allows the DLGF to take over local assessment, reassessment, or annual adjustment activities after giving at least 60 days notice if it determines that the activities are not being performed properly. If the DLGF takes over reassessment or annual adjustments, payment for the state conducted activities must come from the county property reassessment fund and the act also establishes a schedule of levies for that fund.

The act also forbids the DLGF from prescribing computer specification standards for the certification of computer operating systems, renames the assessment training fund the assessment training and administration fund, extends for six years the $10 sales disclosure form filing fee, requires deposit of 40% of the revenue from the sales disclosure form filing fee in that fund instead of the state general fund, and allows the Indiana Board of Tax Review to use money in the fund to conduct appeals activities. The act also adjusts requirements for notice by the DLGF to taxpayers objecting to local budgets and levies, and requires the DLGF to conduct its review of local government budgets by fund, except for budgets for school and library capital projects funds.

The act also requires additional information on the sales disclosure form and applies sales disclosure requirements to property exempt from property taxes.

In other local government matters related to assessments and taxation, counties are also now allowed to employ professional appraisers to assist with annual adjustments. The county assessor, along with township assessors in the county, are allowed to vote to abolish the county land valuation commission. The filing of an assessment registration notice with the county assessor or the area plan commission is also now allowed. The act limits the term of a member of the Property Tax Assessment Board of Appeals to one year. A school corporation is also allowed to repay a rainy day fund loan from the school corporation's debt service fund. In addition, a procedure for resolution and appeal of property tax abatements was established.

The Department of Revenue is directed to withhold state property tax replacement fund distributions to counties for various reasons including the failure to conduct accurate or timely annual assessments or general reassessments.

In order to prevent the appearance of any impropriety, an appraiser or a technical advisor that contracts with a township or county is prohibited from representing taxpayers in the county, but can represent a taxpayer after the contract term if the appraiser or technical advisor was not directly involved with the issue of the taxpayer while under contract.

In specific localized issues, a refund of property taxes paid by an exempt sorority that meets certain criteria was authorized, as well as a nonprofit youth soccer organization was allowed to claim retroactive property tax exemptions and refunds for property taxes paid in 2003 and 2004. Certain religious institutions can claim missed property tax exemptions retroactively, and retroactive property tax exemptions for certain nonprofit entities established for the purpose of retaining and preserving land and water for their natural characteristics were also authorized.

SEA 327 proved to be one of the more important taxation related bills of the session and was changed several times. The final form of the bill was able to be supported by nearly everyone in both caucuses. The biggest fears associated with the legislation were created by the likely shifting of property taxes from agricultural land to other forms of property, but supporters felt that the shift should have occurred long ago because agricultural property has been valued too highly in the past. (CCR, RC 521, 49-1)